



ANNUAL STATEMENT
For the Year Ending December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
TOTAL HEALTH CARE USA, INC.

NAIC Group Code	1238 (Current Period)	1238 (Prior Period)	NAIC Company Code	12326	Employer's ID Number	38-3240485
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	02/18/1994		Commenced Business	02/18/1994		
Statutory Home Office	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)		DETROIT, MI, 48202 (City or Town, State, Country and Zip Code)			
Main Administrative Office	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)					
	DETROIT, MI, 48202 (City or Town, State, Country and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Mail Address	3011 W. GRAND BLVD., SUITE 1600 (Street and Number or P.O. Box)		DETROIT, MI, 48202 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)					
	DETROIT, MI, 48202 (City or Town, State, Country and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Internet Website Address	TOTALHEALTHCAREONLINE.COM					
Statutory Statement Contact	NICOLE ROUSH, CFO (Name)		(313)871-6402 (Area Code)(Telephone Number)(Extension)			
	NROUSH@THC-ONLINE.COM (E-Mail Address)		(313)871-4762 (Fax Number)			

OFFICERS

Name	Title
RANDY NAROWITZ	EXECUTIVE DIRECTOR
KATHY KATHER	V-CHAIRPERSON/SECRETARY
DOUGLAS PAUL BAKER	CHAIRPERSON/TREASURER
ROBYN JAMES ARRINGTON JR., M.D.	MEDICAL DIRECTOR

OTHERS

DIRECTORS OR TRUSTEES

DOUGLAS PAUL BAKER	KATHLEEN THERESA KATHER
RUBY OCTAVIA COLE	GERTRUDE HELEN MINKIEWICZ
JEANETTE ABBOTT	

State of Michigan
County of WAYNE ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) RANDY NAROWITZ	(Signature) KATHLEEN THERESA KATHER	(Signature) DOUGLAS PAUL BAKER
(Printed Name) 1. EXECUTIVE DIRECTOR	(Printed Name) 2. V-CHAIRPERSON/SECRETARY	(Printed Name) 3. CHAIRPERSON/TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2013

a. Is this an original filing? Yes[X] No[]

b. If no, 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,000,076		1,000,076	994,551
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....23,527,784 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....93,585 Schedule DA)	23,621,369		23,621,369	25,785,470
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	24,621,445		24,621,445	26,780,021
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	30,482		30,482	32,070
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	1,281,168	26,036	1,255,132	1,433,461
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	166,430		166,430	313,561
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets (\$.....0)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	253,558		253,558	
24.	Health care (\$.....509,532) and other amounts receivable	1,186,334	676,802	509,532	538,741
25.	Aggregate write-ins for other than invested assets	51,403	41,748	9,655	180
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	27,590,820	744,586	26,846,234	29,098,034
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	27,590,820	744,586	26,846,234	29,098,034
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid	41,748	41,748		
2502.	AR - Other	9,655		9,655	180
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	51,403	41,748	9,655	180

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	9,264,723		9,264,723	9,561,626
2.	Accrued medical incentive pool and bonus amounts	312,598		312,598	36,004
3.	Unpaid claims adjustment expenses	206,798		206,798	213,165
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	940,133		940,133	2,771,994
9.	General expenses due or accrued	665,076		665,076	542,292
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				682,501
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				1,458
24.	TOTAL Liabilities (Lines 1 to 23)	11,389,328		11,389,328	13,809,040
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X		
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	6,273,089	6,273,089
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	9,183,817	9,015,905
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	15,456,906	15,288,994
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	26,846,234	29,098,034
DETAILS OF WRITE-INS					
2301.	Accrued Other				1,458
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				1,458
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	338,351	320,037
2.	Net premium income (including \$.....0 non-health premium income)	X X X	96,932,531	90,866,766
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	96,932,531	90,866,766
Hospital and Medical:				
9.	Hospital/medical benefits		55,549,902	53,562,436
10.	Other professional services		5,041,178	4,812,545
11.	Outside referrals			
12.	Emergency room and out-of-area		7,855,792	7,246,517
13.	Prescription drugs		10,809,173	9,312,966
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		118,691	(387,752)
16.	Subtotal (Lines 9 to 15)		79,374,736	74,546,712
Less:				
17.	Net reinsurance recoveries		334,486	336,486
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		79,040,250	74,210,226
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....258,341 cost containment expenses		258,341	326,189
21.	General administrative expenses		17,549,878	16,347,303
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		96,848,469	90,883,718
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	84,062	(16,952)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		86,007	69,510
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		86,007	69,510
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	170,069	52,558
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	170,069	52,558
DETAILS OF WRITE-INS				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Other Expense			
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	15,288,994	15,424,225
34.	Net income or (loss) from Line 32	170,069	52,558
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(2,157)	(187,789)
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	167,912	(135,231)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	15,456,906	15,288,994
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	95,401,183	90,663,176
2.	Net investment income	87,595	67,048
3.	Miscellaneous income	(94,146)	352,544
4.	Total (Lines 1 through 3)	95,394,632	91,082,768
5.	Benefit and loss related payments	78,913,428	71,963,156
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	17,855,371	16,395,771
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	96,768,799	88,358,927
11.	Net cash from operations (Line 4 minus Line 10)	(1,374,167)	2,723,841
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		639,000
12.2	Stocks		13,788
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	(5,525)	
12.7	Miscellaneous proceeds		1,168
12.8	Total investment proceeds (Lines 12.1 to 12.7)	(5,525)	653,956
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		1,095,000
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	0	1
13.7	Total investments acquired (Lines 13.1 to 13.6)	0	1,095,001
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(5,525)	(441,045)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(784,409)	575,250
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(784,409)	575,250
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,164,101)	2,858,046
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	25,785,470	22,927,424
19.2	End of year (Line 18 plus Line 19.1)	23,621,369	25,785,470

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....	
20.0002	.....	

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	96,932,531	96,932,531								
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues										X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	96,932,531	96,932,531								
8.	Hospital/medical benefits	55,549,902	55,549,902								X X X
9.	Other professional services	5,041,178	5,041,178								X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	7,855,792	7,855,792								X X X
12.	Prescription drugs	10,809,173	10,809,173								X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	118,691	118,691								X X X
15.	Subtotal (Lines 8 to 14)	79,374,736	79,374,736								X X X
16.	Net reinsurance recoveries	334,486	334,486								X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	79,040,250	79,040,250								X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....258,341 cost containment expenses	258,341	258,341								
20.	General administrative expenses	17,549,878	17,549,878								
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	96,848,469	96,848,469								
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	84,062	84,062								
DETAILS OF WRITE-INS											
0501.	.....										X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Other Expense										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	97,684,027		751,496	96,932,531
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	97,684,027		751,496	96,932,531
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	97,684,027		751,496	96,932,531

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	79,060,559	79,060,559								
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	481,617	481,617								
1.4 Net	78,578,942	78,578,942								
2. Paid medical incentive pools and bonuses	(157,903)	(157,903)								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	9,264,723	9,264,723								
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	9,264,723	9,264,723								
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	312,598	312,598								
6. Net healthcare receivables (a)	(492,389)	(492,389)								
7. Amounts recoverable from reinsurers December 31, current year ..	166,430	166,430								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	9,561,626	9,561,626								
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	9,561,626	9,561,626								
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	36,004	36,004								
11. Amounts recoverable from reinsurers December 31, prior year	313,561	313,561								
12. Incurred benefits:										
12.1 Direct	79,256,045	79,256,045								
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	334,486	334,486								
12.4 Net	78,921,559	78,921,559								
13. Incurred medical incentive pools and bonuses	118,691	118,691								

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	915,212	915,212								
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	915,212	915,212								
2. Incurred but Unreported:										
2.1 Direct	8,349,511	8,349,511								
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	8,349,511	8,349,511								
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	9,264,723	9,264,723								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	9,264,723	9,264,723								

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	6,906,594	72,311,868	56,667	9,208,056	6,963,261	9,561,626
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	6,906,594	72,311,868	56,667	9,208,056	6,963,261	9,561,626
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	114,629	(272,532)		312,598	114,629	36,004
13.	TOTALS (Lines 9 - 10 + 11 + 12)	7,021,223	72,039,336	56,667	9,520,654	7,077,890	9,597,630

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	4,753	4,871	4,912	4,910	4,910
2.	2008	30,491	36,152	36,385	36,398	36,385
3.	2009	X X X	36,935	43,005	43,174	43,149
4.	2010	X X X	X X X	46,119	51,577	51,584
5.	2011	X X X	X X X	X X X	66,291	73,229
6.	2012	X X X	X X X	X X X	X X X	72,312

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	4,952	4,867	4,921	4,910	4,910
2.	2008	37,595	36,985	36,434	36,398	36,385
3.	2009	X X X	43,753	44,272	43,177	43,149
4.	2010	X X X	X X X	51,939	51,675	51,584
5.	2011	X X X	X X X	X X X	75,787	73,286
6.	2012	X X X	X X X	X X X	X X X	81,833

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008	41,425	36,385	147	0.404	36,532	88.188			36,532	88.188
2.	2009	54,830	43,149	197	0.457	43,346	79.056			43,346	79.056
3.	2010	71,546	51,584	274	0.530	51,858	72.481			51,858	72.481
4.	2011	90,868	73,229	329	0.449	73,558	80.950	57	1	73,616	81.014
5.	2012	96,933	72,312	292	0.403	72,604	74.901	9,521	206	82,331	84.936

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	4,753	4,871	4,912	4,910	4,910
2.	2008	30,491	36,152	36,385	36,398	36,385
3.	2009	X X X	36,935	43,005	43,174	43,149
4.	2010	X X X	X X X	46,119	51,577	51,584
5.	2011	X X X	X X X	X X X	66,291	73,229
6.	2012	X X X	X X X	X X X	X X X	72,312

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	4,952	4,867	4,921	4,910	4,910
2.	2008	37,595	36,985	36,434	36,398	36,385
3.	2009	X X X	43,753	44,272	43,177	43,149
4.	2010	X X X	X X X	51,939	51,675	51,584
5.	2011	X X X	X X X	X X X	75,787	73,286
6.	2012	X X X	X X X	X X X	X X X	81,833

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008	41,425	36,385	147	0.404	36,532	88.188			36,532	88.188
2.	2009	54,830	43,149	197	0.457	43,346	79.056			43,346	79.056
3.	2010	71,546	51,584	274	0.530	51,858	72.481			51,858	72.481
4.	2011	90,868	73,229	329	0.449	73,558	80.950	57	1	73,616	81.014
5.	2012	96,933	72,312	292	0.403	72,604	74.901	9,521	206	82,331	84.936

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other	NONE
13	Underwriting Invest Exh Pt 2D - A & H Reserve	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)			55,995		55,995
2.	Salaries, wages and other benefits	258,341		3,010,491		3,268,832
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			3,916,775		3,916,775
4.	Legal fees and expenses			39,179		39,179
5.	Certifications and accreditation fees			279,323		279,323
6.	Auditing, actuarial and other consulting services			279,323		279,323
7.	Traveling expenses			248,288		248,288
8.	Marketing and advertising			6,104,044		6,104,044
9.	Postage, express and telephone			465,540		465,540
10.	Printing and office supplies			651,756		651,756
11.	Occupancy, depreciation and amortization			558,648		558,648
12.	Equipment			155,180		155,180
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services			467,400		467,400
15.	Boards, bureaus and association fees			62,072		62,072
16.	Insurance, except on real estate			434,618		434,618
17.	Collection and bank service charges			62,072		62,072
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulatory authority licenses and fees			32,395		32,395
23.4	Payroll taxes			124,144		124,144
23.5	Other (excluding federal income and real estate taxes)			602,635		602,635
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)	258,341		17,549,878		(a) 17,808,219
27.	Less expenses unpaid December 31, current year			665,076		665,076
28.	Add expenses unpaid December 31, prior year			542,292		542,292
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	258,341		17,427,094		17,685,435
DETAILS OF WRITE-INS						
2501.	Office Supplies					
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) 10,362	..... 15,898
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) 69,721	..... 70,109
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 80,083	..... 86,007
11.	Investment expenses .....	.....	(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g)
13.	Interest expense .....	.....	(h)
14.	Depreciation on real estate and other invested assets .....	.....	(i)
15.	Aggregate write-ins for deductions from investment income .....	.....	.....
16.	Total deductions (Lines 11 through 15) .....	.....	.....
17.	Net Investment income (Line 10 minus Line 16) .....	.....	..... 86,007
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection	26,036	148,220	122,184
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset			
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets			
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable	676,802	553,447	(123,355)
25.	Aggregate write-ins for other than invested assets	41,748	40,762	(986)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	744,586	742,429	(2,157)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	744,586	742,429	(2,157)
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Other Receivable	41,748	40,762	(986)
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	41,748	40,762	(986)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	17,564	17,609	18,615	18,785	19,566	221,354
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	10,343	9,615	9,802	9,720	9,874	116,997
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	27,907	27,224	28,417	28,505	29,440	338,351
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

Total Health Care USA, Inc. (the "Company"), a not-for-profit corporation and wholly owned subsidiary of Total Health Care, Inc., operates as a state-licensed health maintenance organization (HMO). The Company provides medical services to persons primarily in southeastern Michigan who subscribe as part of an employer group or as individuals.

a. Accounting Practices

The accompanying financial statements of Total Health Care USA, Inc. (the "Company" or "THC") have been prepared in conformity with statutory accounting practices prescribed or permitted by Section 1007 of the Michigan statutes of the state of Michigan for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Michigan Insurance law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Michigan.

Statutory accounting principles differ from generally accepted accounting principles (GAAP) in their definition of assets and liabilities. Specifically, certain assets (such as certain receivables from affiliates) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$745,000 and \$742,000 at December 31, 2012 and 2011, respectively. There are no significant differences between statutory accounting principles prescribed by NAIC and the State of Michigan accounting requirements that are applicable to the Company.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

	<u>2012</u>	<u>2011</u>
(1) Net Income Michigan state basis	170,069	52,558
(2) State Prescribed Practices (Income):	-	-
(3) State Permitted Practices (Income):	-	-
(4) Net Income, NAIC SAP	170,069	52,558
(5) Statutory Surplus Michigan basis	15,456,906	15,288,994
(6) State Prescribed Practices (Surplus):	-	-
(7) State Permitted Practices (Surplus):	-	-
(8) Statutory Surplus, NAIC SAP	15,456,906	15,288,994

b. Use of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Certain significant estimates exist relating to unpaid claims. It is at least reasonably possible that these estimates will be materially revised in the near term.

c. Accounting Policy

Cash and Short-term Investments - The Company considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date are considered cash under statutory accounting principles. Short-term investments are stated at amortized cost.

Notes to Financial Statements

Investments – The Company uses the following accounting policies:

- (1) Short-term investments and long-term certificates of deposit are recorded at amortized cost, which approximates fair market value. Long-term certificates of deposit are classified as bonds on the balance sheet per statutory guidance. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in net investment income on the statement of operations. Changes in unrealized gains and losses on investments are included as a direct adjustment to capital and surplus.
- (2) Bonds are not backed by other loans and are stated at amortized cost using the interest method.
- (3) The Company had no common stock.
- (4) The Company had no preferred stock.
- (5) The Company had no mortgage loans.
- (6) The Company had no loan-backed securities.
- (7) The Company had no subsidiaries, controlled or affiliated investments.
- (8) The Company had no joint ventures of limited partnerships.
- (9) The Company had no derivatives.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.

Unpaid Losses and Loss Adjustment Expenses – The Company includes amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumption and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

Capitalization - The Company's capitalization policy has not changed.

Pharmaceutical Rebate Receivables - The Company's pharmaceutical rebate receivables are estimated based prior period actual receipts.

Revenue Recognition and Accounts Receivable - Subscriber premiums are recognized in the period that members are entitled to related health care services. A substantial portion of health premiums due and unpaid is due from third-party payors for subscribers located within southeastern Michigan. Health premiums due and unpaid are stated at invoice amounts. No allowance for doubtful accounts is recorded at December 31, 2012 and 2011, respectively. Unpaid invoices greater than 90 days old are treated as non-admitted for statutory accounting purposes. Approximately \$703,000 and \$702,000 of receivables greater than 90 days old were non-admitted at December 31, 2012 and 2011, respectively.

Recognition of Medical and Hospital Expenses - Medical and hospital expenses and the related liabilities are recorded when eligible medical and hospital services are authorized or performed. Claims unpaid represent management's estimate of the ultimate cost to settle all claims incurred prior to year-end. Capitation retained for the settlement of risk-sharing is included in the accrued medical incentive pool liability at December 31, 2012 and 2011, respectively.

Physician Group Contracts - The Company contracts with physician groups for the provision of medical care and compensates the groups on a capitation basis. These contracts have a specialty claims incentive and pay-for-performance incentive. If the providers meet the incentives, they share in the savings and a payable is recorded. If the providers do not meet the incentives, they share in the excess costs and a health care receivable is recorded if deemed collectible by management. During 2012 and 2011, health care receivables and payables have been recorded from/to providers.

Hospital Group Contracts - The Company contracts with several hospitals and other groups. These contracts are paid under a capitation fee or various other charge arrangements.

Notes to Financial Statements

Malpractice Claims - The Company has a claims-made policy for malpractice insurance. The Company's policy is to accrue for estimated costs of claims and incidents during the term of the claims-made policy.

Employee Staffing and Purchased Services Agreement - The Company has an employee staffing and purchased services agreement with Total Health Care, Inc., its parent company, which is responsible for payment of most of the management, operational, and administrative expenses. Ultimate operational control rests with the board of directors of Total Health Care USA, Inc.

Income Taxes - Total Health Care USA, Inc. has received federal income tax exemption under Internal Revenue Code Section 501(c)(4). The Company is also exempt from state and local income taxes.

Funds Maintained Under Statutory Requirements - The Company maintains segregated funds under statutory requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the insurance commissioner in accordance with statutory and contractual provisions. At December 31, 2012 and 2011, \$1,006,078 and \$1,003,547, respectively were held in long-term certificates of deposit and money market funds to fulfill these requirements. Interest earned on these funds can be utilized by the Company.

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

a. Statutory Purchase Method- None

b. Statutory Merger - None

c. Assumption Reinsurance – None

d. Impairment Loss – None

4. Discontinued Operations

None

5. Investments

a. Mortgage Loans, including Mezzanine Real Estate Loans – None

b. Debt Restructuring – None

c. Reverse Mortgages – None

d. Loan-Backed Securities – None

e. Repurchase Agreements and/or Securities Lending Transactions – None

f. Real Estate – None

g. Low-income housing tax credits (LIHTC) – None

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company does not have any Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets.

B. The Company does not have any impaired Joint Ventures, Partnerships and Limited Liability Companies.

7. Investment Income

a. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.

Notes to Financial Statements

b. The Company had no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None

9. Income Taxes

None

10. Information Concerning Parent, Subsidiaries and Affiliates

a, b, & c

The Company is a wholly owned subsidiary of Total Health Care, Inc., the parent company.

d. Amounts Due for or to Related Parties – At December 31, 2012 and December 31, 2011, the Company had amounts due from(to) parent of \$253,558 and \$(682,501), respectively, resulting from costs paid for the Company on behalf of the parent for operating expenses.

e. Guarantees – The Company has no guarantees with any companies within its holding company structure.

f. Material management contracts – The Company has an employee, office space, and equipment leasing agreement with Total Health Care, Inc. The agreement calls for Total Health Care, Inc. to provide personnel, office space, and supplies necessary to the Company in order for the Company to carry out its HMO business operations. The agreement calls for the Company to pay Total Health Care, Inc. 14 percent of the Company's gross revenue from the second preceding month after certain deductions. During 2012 and 2011 the Company paid \$12,917,041 and \$11,862,640, respectively, related to this agreement.

g. Common Control – All outstanding shares of Total Health Care USA, Inc. are owned by the Parent Company, Total Health Care, Inc, an insurance holding company domiciled in the State of Michigan.

h. Deductions in Value - There have been no deductions in value between affiliated companies.

i. SCA that exceed 10% of Admitted Assets - None

j. Impaired SCAs - The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled, or Affiliated Companies during the statement period.

k. Foreign Subsidiary - None

l. Downstream Noninsurance Holding Company – None

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and other Postretirement Benefit Plans.

a. Defined Benefit Plan – None

b. Defined Contribution Plans – None.

c. Multi-Employer Plan – None

d. Consolidated/Holding Company Plans – None

e. Post-Employment Benefits and Compensated Absences – None

f. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

Notes to Financial Statements

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has issued no capital stock.
- (2) The Company has no preferred stock outstanding.
- (3) Dividends are paid as determined by the Board of Directors with the approval of the Commissioner of the State of Michigan Office of Insurance Regulation, as long as the Company meets or exceeds minimum surplus requirements.
- (4) During 2012 the Company did not pay dividends.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company held no stock.
- (9) There were no changes to the balances of any special surplus funds from the prior year.
- (10) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$0. The portion of unassigned funds (surplus) represented or reduced by the change in non-admitted asset values is \$(2,157) and \$(187,789) at December 31, 2012 and 2011, respectively.
- (11) The Company did not issue any surplus debentures or similar obligations.
- (12) and (13) There have been no quasi-reorganizations.

14. Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company. No amounts have been accrued for losses as no losses are deemed probable or estimable. Estimated losses for claims-related matters are accrued as claims unpaid.

- a. Contingent Commitments – None
- b. Assessments – None
- c. Gain Contingencies – None
- d. Claims related extra contractual obligations and bad faith losses stemming from lawsuits – None
- e. All Other Contingencies – None

15. Leases

None

16. Information about Financial Instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

- a. Transfers of Receivables reported as Sales – None
- b. Transfer and Servicing of Financial Assets – None
- c. Wash Sales – None

Notes to Financial Statements

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

- a. ASO Plans – None
- b. ASC Plans – None.
- c. Medicare or Other Similarly Structured Cost Based Reimbursement Contract - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

None

20. Fair Value Measurements

The following table presents information about the Company’s assets and liabilities measured at fair value at December 31, 2012, and the valuation techniques used by the Company to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significant to the valuation. The Company’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

A. (1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total
Assets at fair value - December 31, 2012				
Money Market Funds - Industrial and misc.	\$ 93,585	\$ -	\$ -	\$ 93,585
Bonds:				
Unaffiliated domestic securities	-	1,000,076	-	1,000,076
Certificates of Deposit	-	4,372,482	-	4,372,482
Total assets at fair value	\$ 93,585	\$5,372,558	\$ -	\$5,466,143
	Level 1	Level 2	Level 3	Total
Assets at fair value - December 31, 2011				
Money Market Funds - Industrial and misc.	\$ 155,780	\$ -	\$ -	\$ 155,780
Bonds:				
Unaffiliated domestic securities	-	994,551	-	994,551
Certificates of Deposit	-	4,280,495	-	4,280,495
Total assets at fair value	\$ 155,780	\$5,275,046	\$ -	\$5,430,826

(2) Fair Value Measurements in (Level 3) of the Fair Value - None

(3) The Company’s policy for determining when transfers between levels are recognized is determined at the end of the reporting period.

(4) The Company has not valued any securities at a Level 3.

(5) Derivative assets and liabilities- None

21. Other Items

Notes to Financial Statements

- a. Extraordinary Items – None
- b. Troubled Debt Restructuring – None
- c. Other Disclosures – At December 31, 2012 and 2011, respectively the Company had admitted assets of \$1,764,665 and \$1,972,202, respectively, in health premiums due and unpaid for amounts due from subscribers, governmental entities, and other health care providers. The Company routinely assessed the collectability of these receivables and directly wrote off any uncollectible receivables accordingly. Receivables greater than 90 days are considered non-admitted for statutory purposes.
- d. There are no balances of assets covered by SSAP No. 6, Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.
- e. Business Interruption Insurance Recoveries - None
- f. State Transferable Tax Credits - None
- g. Subprime Related Risk Exposure – None
- h. Retained Assets - None

22. Events Subsequent

Type I. – Recognized Subsequent Events – No Change

Subsequent events have been considered through 02/20/2013 for the statutory statement issued on December 31, 2012.

None

Type II. – Non-recognized Subsequent Events – No Change

Subsequent events have been considered through 02/20/2013 for the statutory statement issued on December 31, 2012.

None

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (x)

Notes to Financial Statements

a. Not Applicable

b. The Company had reinsurance recoverable receivables of \$166,430 and \$313,561 recorded at December 31, 2012 and 2011, respectively.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ()

No (x)

Section 3 – Ceded Reinsurance Report – Part B

(1) The estimated reduction in surplus is zero.

(2) The Company has renewed an agreement with Star Line Group effective November 1, 2012. The reinsurance policy provides the same coverage's on an annual per member basis after a \$220,000 (MiChild) to \$300,000 (Commercial) deductible is reached. The maximum lifetime reinsurance indemnity payable under each agreement is \$2,000,000 per member. The reinsurance policy also provides for a supplemental corridor adjustment to reinsurance recoverable applied with the lower of: 1) 50% of reinsurance premiums paid, or 2) the amount by which reinsurance recoverable exceed 50% of the reinsurance premiums paid.

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the Company at December 31, 2012 that are subject to retrospective rating features was \$97,684,027 that represented 99% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. At December 31, 2012, the Company had no medical loss ratio rebates required pursuant to the Public Health Service Act.

25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2011 were \$9,810,795. As of December 31, 2012, \$7,021,223 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$56,667 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive Medical lines of business. Therefore, there has been a \$2,732,905 favorable prior-year development since December 31, 2011 to December 31, 2012. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

Reserves as of December 31, 2010 were \$7,296,944. As of December 31, 2011, \$5,606,938 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$101,152 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive Medical lines of business. Therefore, there has been a \$1,588,854 favorable prior-year development since December 31, 2010 to December 31, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

Notes to Financial Statements

None

27. Structured Settlements

None

28. Health Care Receivables

The Company reports risk-sharing receivables and payables related to global capitation and specialty claims arrangements based upon the terms of its contracts.

Pharmaceutical rebates receivable at December 31, 2012 and 2011 were \$33,784 and \$30,043, respectively. Rebates are netted with pharmacy expense. During 2012 and 2011, pharmacy rebates in the amount of \$162,523 and \$240,033, respectively, were collected.

Health care receivables include the following amounts related to Pharmaceutical rebates receivables:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/12	33,784	33,784	0	0	0
9/30/12	32,072	32,072	0	0	0
6/30/12	31,662	31,662	0	0	0
3/31/12	33,592	33,592	0	0	33,592
12/31/11	35,708	35,708	0	0	35,708
9/30/11	80,032	80,032	0	0	22,065
6/30/11	84,586	84,586	0	0	19,907
3/31/11	83,848	83,848	0	0	19,665
12/31/10	48,999	48,999	0	0	48,999
9/30/10	87,417	87,417	0	0	87,417
6/30/10	87,758	87,758	0	0	87,758
3/31/10	74,598	74,598	0	0	74,598

Health care receivables include the following amounts related to specialty pool receivables:

	Evaluation Period Year Ending	Risk-sharing Receivable as Estimated in the Prior Year	Risk-sharing Receivable as Estimated in the Current Year	Risk-sharing Receivable Billed	Risk-sharing Receivable Not Yet Billed	Actual Risk-sharing Amounts Received in Year Billed	Actual Risk-sharing Amounts Received First Year Subsequent
2012	2012	481,422	(39,221)	442,201	-	442,201	-
	2013	-	470,812	-	470,812	-	-
2011	2011	\$ 475,940	\$ (35,649)	\$ 440,291	\$ -	\$ 440,921	\$ -
	2012	-	481,422	-	481,422	-	-
2010	2010	271,115	89,989	361,104	-	-	361,104
	2011	-	475,940	-	475,940	-	-

29. Participating Policies

None

Notes to Financial Statements

30. Premium Deficiency Reserves – No Change

1. Liability carried for premium deficiency reserves

\$0
2. Date of the most recent evaluation of this liability

02/20/2013
3. Was anticipated investment income utilized?

Yes ☐ No X

31. Anticipated Salvage and Subrogation

Loss reserves have not been reduced for any salvage or subrogation. During 2012 and 2011, the Company received subrogation totaling \$75,944 and \$74,768, respectively.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/25/2011
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PLANTE & MORAN, PLLC 2601 CAMBRIDGE COURT, SUITE 500, AUBURN HILLS, MI 48326
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Eric Goetsch, Milliman, 15800 Bluemound Road, Suite 100, Brookfield, WI 53005
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 12.11 Name of real estate holding company

GENERAL INTERROGATORIES (Continued)

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.103 Total payable for securities lending reported on the liability page.

\$

\$

\$

0

0

0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Pledged as collateral

25.26 Placed under option agreements

25.27 Letter stock or securities restricted as to sale

25.28 On deposit with state or other regulatory body

25.29 Other

Yes[X] No[]

\$

\$

\$

\$

\$

\$

\$

\$

\$

0

0

0

0

0

0

0

1,006,077

0

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[X]

Yes[] No[] N/A[X]

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

Yes[] No[X]

\$

0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1	2
Name of Custodian(s)	Custodian's Address
COMERICA BANK - LYNN HUTZEL-UISEL	611 WOODWARD AVE., DETROIT, MI 48226
FIRST INDEPENDENCE NAT'L BANK - RHONDA PUGH	44 MICHIGAN AVE., DETROIT, MI 48226

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	100,076	100,076	
30.2 Preferred stocks			
30.3 Totals	100,076	100,076	

30.4 Describe the sources or methods utilized in determining the fair values
BANK STATEMENTS

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[] N/A[]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[] No[X]

32.2 If no, list exceptions:

NOT REQUIRED BY STATE OF DOMICILE

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?

\$..... 32,395

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
NUYGEN, TOMTISHEN AND AOUN, P.C.	16,735

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	96,932,531	90,866,766
2.2	Premium Denominator	96,932,531	90,866,766
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	9,577,321	9,597,630
2.5	Reserve Denominator	9,577,321	9,597,630
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 345,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
CATASTROPHIC INSURANCE, LOOK SOLEY LANGUAGE IN CONTRACTS, INSOLVENCY INSURANCE

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 3,495

8.2 Number of providers at end of reporting year

..... 4,278

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 312,598

10.22 Amount actually paid for year bonuses

\$ 254,006

10.23 Maximum amount payable withholds

..... 0

10.24 Amount actually paid for year withholds

\$ 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.
MICHIGAN

11.4 If yes, show the amount required.

\$ 6,965,636

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.
Calculation is based on 200% RBC. See RBC calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
OAKLAND
GENESSEE
MACOMB
WAYNE

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

13.4 If yes, please provide the balance of the funds administered as of the reporting date: \$..... 0

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	26,846,234	29,098,034	25,677,367	17,861,791	15,267,118
2. TOTAL Liabilities (Page 3, Line 24)	11,389,328	13,809,040	10,253,142	9,555,454	8,778,544
3. Statutory surplus	6,965,636	6,649,908	4,803,140	4,219,874	4,116,336
4. TOTAL Capital and Surplus (Page 3, Line 33)	15,456,906	15,288,994	15,424,225	8,306,337	6,488,574
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	96,932,531	90,866,766	71,545,016	54,830,309	41,425,068
6. TOTAL Medical and Hospital Expenses (Line 18)	79,040,250	74,210,226	51,625,751	43,292,205	38,901,775
7. Claims adjustment expenses (Line 20)	258,341	326,189	257,173	190,598	141,886
8. TOTAL Administrative Expenses (Line 21)	17,549,878	16,347,303	12,670,016	9,424,690	7,011,370
9. Net underwriting gain (loss) (Line 24)	84,062	(16,952)	6,992,076	1,922,816	(4,629,963)
10. Net investment gain (loss) (Line 27)	86,007	69,510	113,043	172,048	348,819
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	170,069	52,558	7,105,119	2,094,864	(4,281,144)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(1,374,167)	2,723,841	8,034,936	2,187,208	(1,850,544)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	15,456,906	15,288,994	15,424,225	8,306,337	6,488,574
15. Authorized control level risk-based capital	3,482,818	3,324,954	2,401,570	2,109,937	2,058,168
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	29,440	27,907	24,770	19,145	17,243
17. TOTAL Members Months (Column 6, Line 7)	338,351	320,037	271,595	221,070	177,574
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	81.5	81.7	72.2	79.0	93.9
20. Cost containment expenses	0.3	0.4	0.4	0.3	0.3
21. Other claims adjustment expenses					
22. TOTAL Underwriting Deductions (Line 23)	99.9	100.0	90.2	96.5	111.2
23. TOTAL Underwriting Gain (Loss) (Line 24)	0.1	0.0	9.8	3.5	(11.2)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	7,077,890	5,708,090	7,526,944	6,725,966	3,751,201
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	9,597,630	7,143,661	7,667,769	7,303,618	3,857,942
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL investment in parent included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	97,684,027						97,684,027	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	97,684,027						97,684,027	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	97,684,027						97,684,027	

DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: ALL PREMIUMS ARE WRITTEN WITHIN THE STATE OF MICHIGAN.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

TOTAL HEALTH CARE, INC. – PARENT
38-2018957, NAIC #95644, STATE OF MICHIGAN

TOTAL HEALTH CARE USA, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.
383240485, NAIC #12326, STATE OF MICHIGAN

TOTAL HEALTH CHOICE, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.
33-0603319, NAIC #95134, STATE OF FLORIDA

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Schedule BA - Part 3	E09
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Schedule D - Part 1	E10
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Schedule D - Part 2 - Section 2	E12
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